GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4275
ANSWERED ON:11.08.2017
Exemption of Handloom Products from GST
Reddy Shri Mekapati Rajamohan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to exempt some products like handloom products from the ambit of Goods and Services Tax (GST);

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a): No, Sir.
(b): Does not arise in view of reply to part (a).
(c): The GST rate structure for the textile sector was discussed in detail in the GST Council meeting held on 3rd June, 2017, wherein the Council recommended the detailed rate structure for the textile sector. Accordingly, the GST rates for the handloom sector have been notified as under:
â€¢ Khadi yarn under chapter 52 attracts nil GST.
â€¢ Amber charkha under heading 8445 attracts nil GST.
â€¢ Handloom [weaving machinery] under heading 8446 attracts nil GST.
â€¢ Handloom fabrics falling under chapters 50 to 55 have been kept at a GST rate of 5%.
Further, Nil GST on handloom products will:-
(a) Break the input tax credit chain and then the garments / made ups manufacturers will not be able to get the credit of tax on previous stages.
Result in zero rating of imported fabrics, while domestic fabrics will continue to bear the burden of input taxes.
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